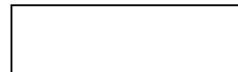




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Intelligence

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CIA DT NR 85-005

Narcotics Review

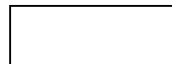


December 1985

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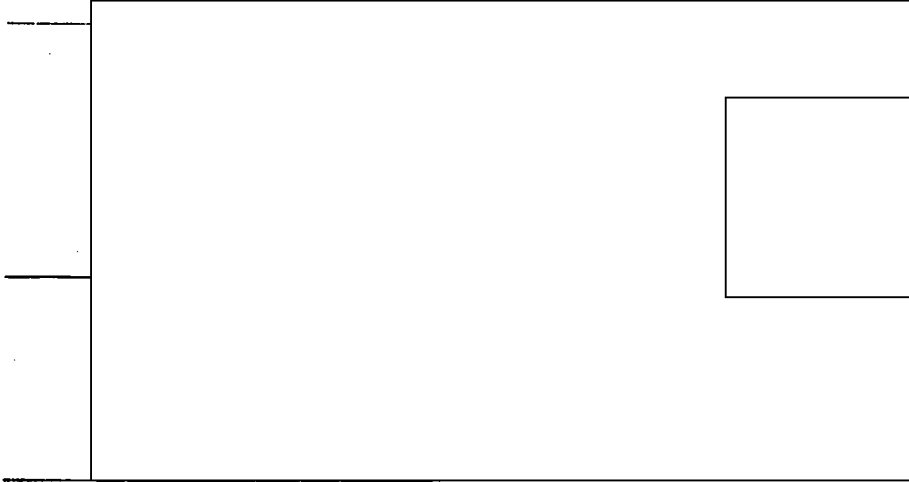
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International: Narcodollar Crossroads


In response to the emergence of international drug trafficking as big business, a number of regional financial centers now function as the principal links between underground money systems in source areas and the international financial networks that service principal markets.

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25 **Worldwide Narcotics Highlights** 

A summary of key developments from 1 October to 1 December 1985. 



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**International:
Narcodollar Crossroads**

The foreign trafficking groups that supply illicit drugs to the US market utilize a number of highly organized underground financial channels to move their proceeds and to reimburse their creditors. These networks are designed to circumvent currency controls and other legal impediments to the free and undetected international transfer of their income, such as the US Bank Secrecy Act. They generally have two segments:

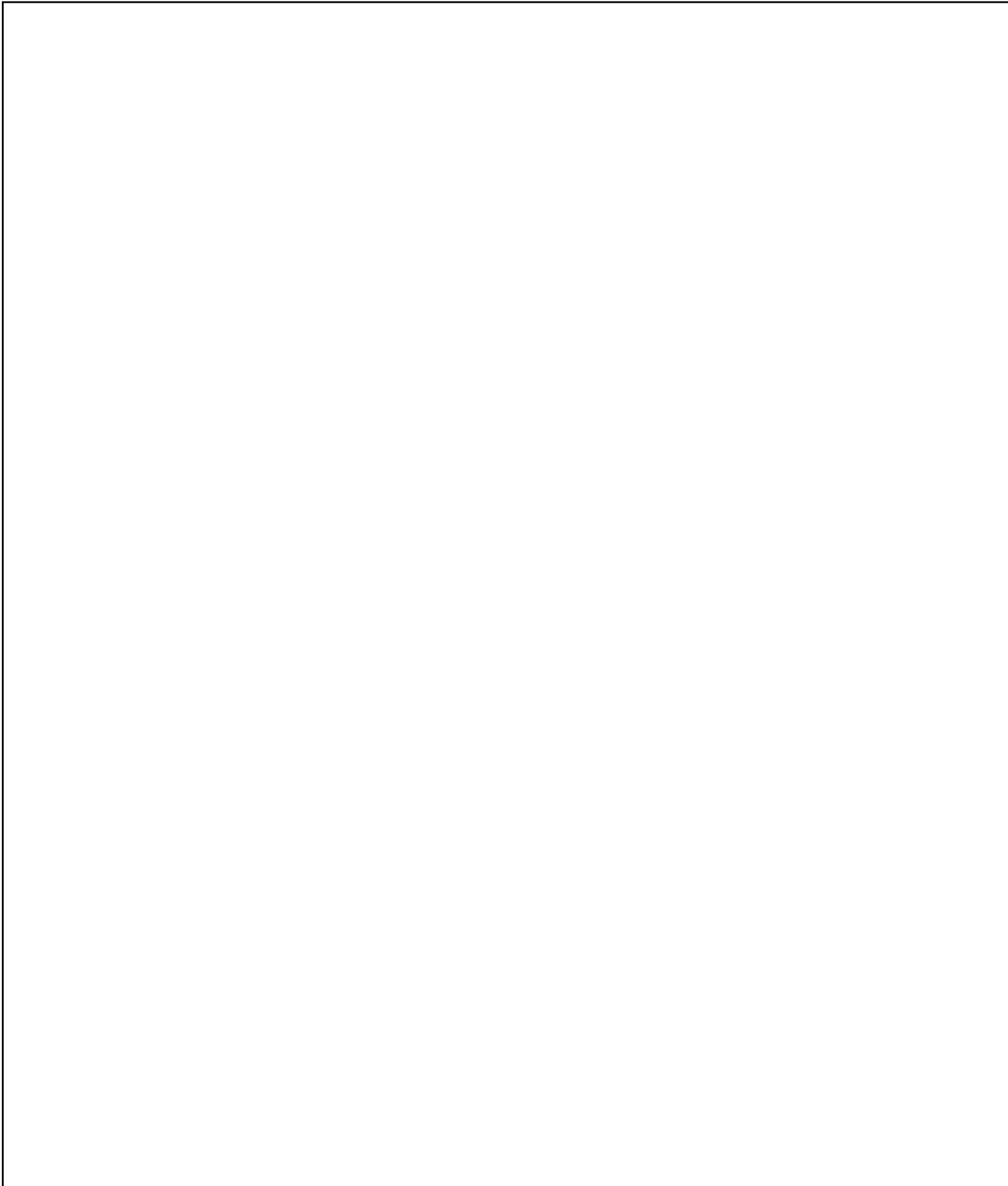
- A regionally based currency black-market operation that specializes in converting international monetary instruments and delivering payments in local currency.
- A closely linked financial center that provides a secure interface with international money markets.

The international money centers associated with the various underground drug money trails have a number of characteristics in common:

- Like the local black markets, these centers generally have strong cultural ties to their clients.
- Typically, such centers are associated with financing a wide range of illegal activities, including capital flight and smuggling of other goods, such as arms.
- All of them have a tradition of confidentiality in financial affairs that may be enshrined either in formal bank secrecy legislation or in a body of common law.
- They offer unlimited access to convertible currencies and sophisticated financial management linked to international banking channels.

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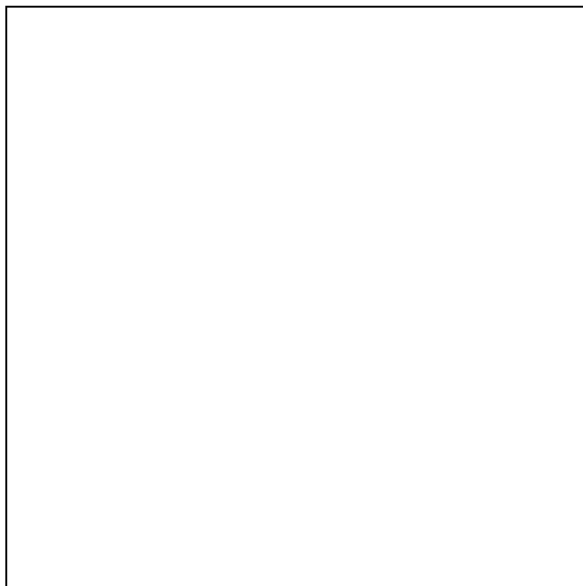


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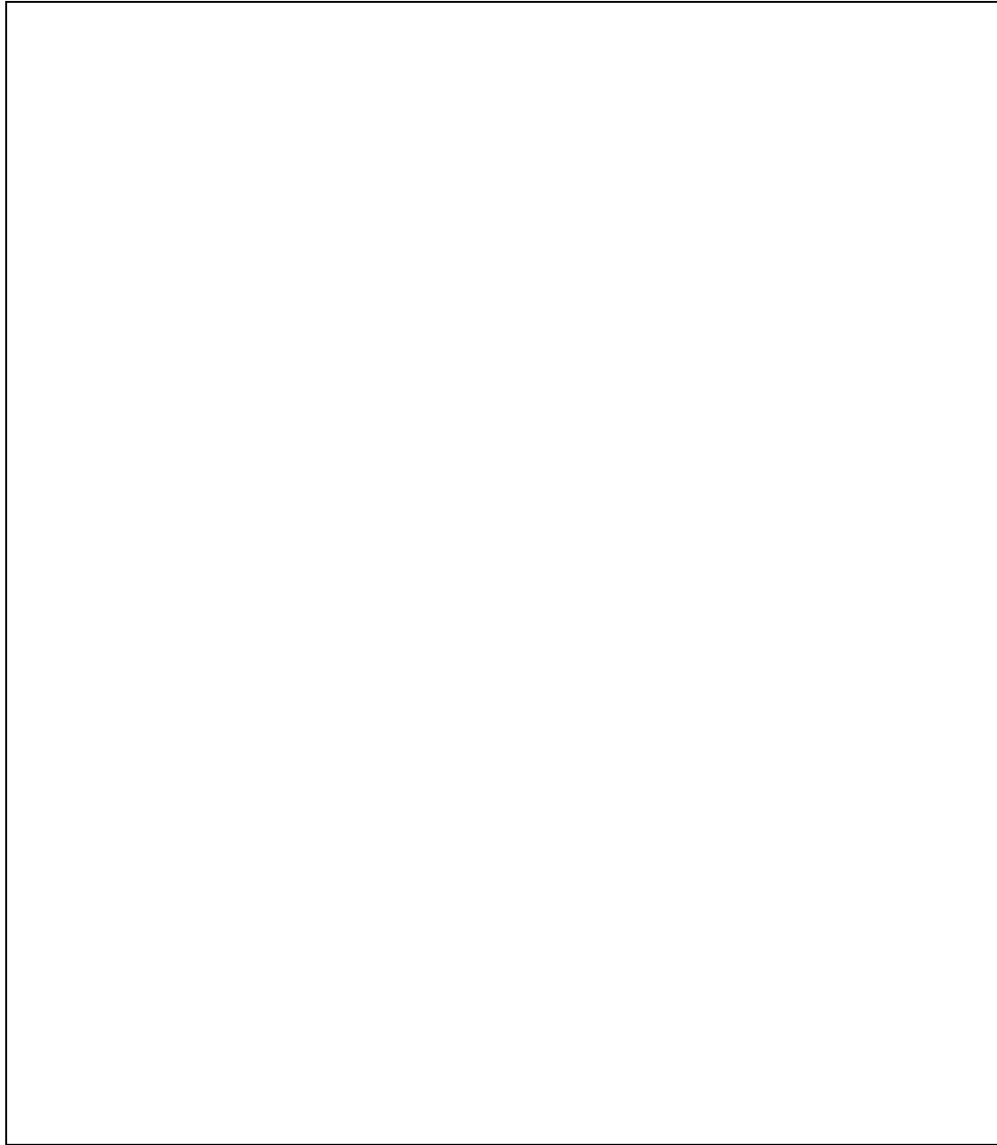
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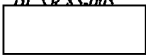
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Worldwide Narcotics Highlights



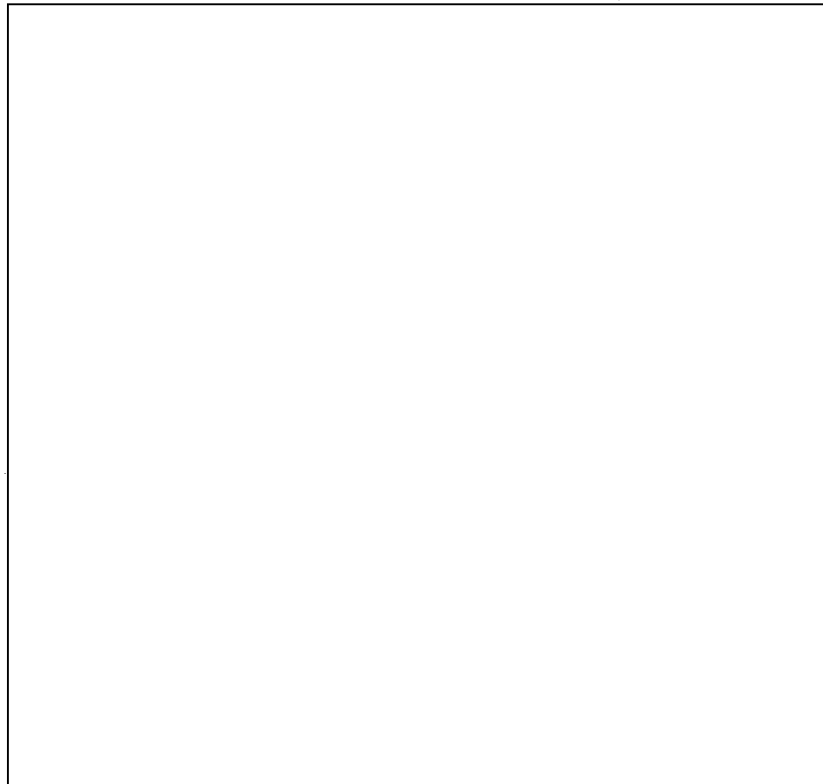
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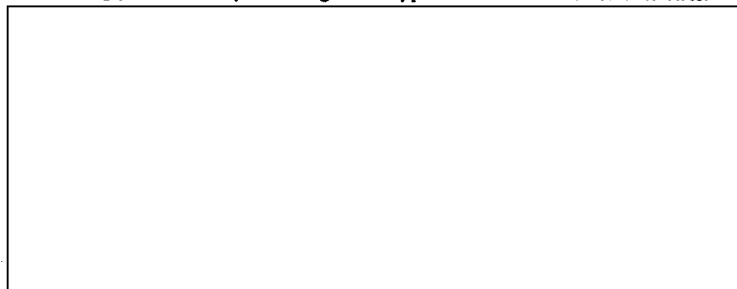
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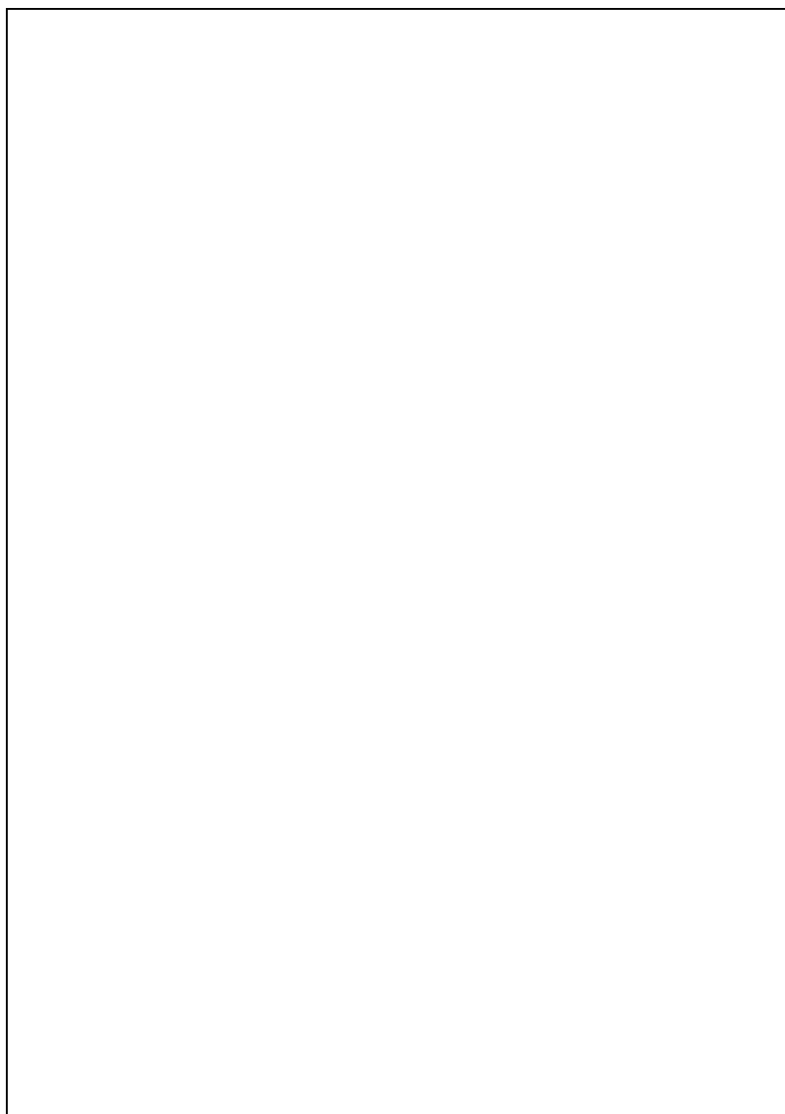


Centered in the Huallaga River Valley, the campaign was designed to destroy clandestine airstrips and laboratories, disrupt trafficking patterns, and provide logistics support for coca eradication activities.



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